

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MICHIGAN**

In the Matter of:

ARK LABORATORY, LLC,

Debtor.

Case No. 23-43403-mlo

Chapter 11

Hon, Maria L. Oxholm

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corrected

**FILING OF BUDGET FOR INTERIM ORDER
AUTHORIZING USE OF CASH COLLATERAL
AND GRANTING ADEQUATE PROTECTION**

Debtor states,

1. Attached is the budget that Debtor and Comerica have agreed to for purposes of the INTERIM ORDER AUTHORIZING USE OF CASH COLLATERAL AND GRANTING ADEQUATE PROTECTION.

Respectfully submitted,

/s/ Robert Bassel

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Prospective Counsel for Debtor

Helix Diagnostics
4-Week Cash Flow Budget (4/17/23 to 5/12/23)
Revised: 4/21/23

Description	21-Apr-23	28-Apr-23	5-May-23	12-May-23	Cumulative Cash Flow	
	Proj.	Proj.	Proj.	Proj.	Proj.	
REVENUES						
Gross Revenues	1	2	3	4		
Non Covid PCR	\$ 222,083	\$ 222,083	\$ 216,966	\$ 214,919	\$ 876,052	27.1%
Covid	39,667	39,667	38,753	38,387	156,473	4.8%
Toxicology	430,000	430,000	420,092	416,129	1,696,221	52.5%
Blood	40,833	40,833	39,892	39,516	161,075	5.0%
Other	86,667	86,667	84,670	83,871	341,874	10.6%
Gross Revenues	\$ 819,250	\$ 819,250	\$ 800,373	\$ 792,823	\$ 3,231,696	100.0%
Customer Price Increases	-	-	-	-	-	0.0%
Reimbursement Rate Adjustments	(204,813)	(204,813)	(200,093)	(198,206)	(807,924)	-25.0%
Net Revenues	\$ 614,438	\$ 614,438	\$ 600,280	\$ 594,617	\$ 2,423,772	75.0%
Receipts						
Billed Receipts	77,649	77,625	77,586	77,550	310,410	9.6%
Cash Balance WE 4/14/23 (est.)	119,110				119,110	
Future Receipts	497,872	499,846	503,189	506,359	2,007,265	62.1%
Medcare Delay in Billing Claims	(308,483)	(233,434)	(195,794)	(198,000)	(935,711)	
Improved Collections	40,963	40,963	40,019	39,641	161,585	5.0%
Cash Receipts	\$ 427,110	\$ 385,000	\$ 425,000	\$ 425,550	\$ 1,662,659	51.4%
Payroll Disbursements						
Gross Wages Pre-petition					\$ -	0.0%
Gross Wages Post-petition					-	
Employee Withholding - Pre-petition		32,460	8,126	6,584	47,170	1.5%
Employee Withholding - Post-petition			32,505	25,419	57,924	1.8%
Employer Taxes - Pre-petition	13,732	8,197			21,928	0.7%
Employer Taxes - Post-petition			13,143	8,144	21,287	
Payroll Missed 4/14/23	179,503				179,503	
Net Pay - Pre-petition	74,685	26,236	15,237		116,157	3.6%
Net Pay - Post-petition		104,944	59,211	123,593	287,748	8.9%
Hourly Employees - Overtime					-	0.0%
Payroll Disbursements	\$ 267,919	\$ 171,836	\$ 128,222	\$ 163,741	\$ 731,718	22.6%
Non-Payroll Disbursements						
Credit Card Fees	470	470	459	454	1,853	0.1%
Bank Charges	-	-	2,888	-	2,888	0.1%
Courier Fee	19,654	19,654	19,654	19,654	78,615	2.4%
Marketing Fees (1099)	31,250	31,250	31,250	31,250	125,000	3.9%
IT Hardware	-	303	303	303	908	0.0%
Contract Labor	-	559	559	559	1,678	0.1%
Fuel/Mileage	1,250	2,127	2,127	2,127	7,631	0.2%
Dues & Subscriptions	115	115	115	116	463	0.0%
Workers Comp	-	8,386	-	-	8,386	0.3%
Insurance - Liability	-	12,100	-	-	12,100	0.4%
Insurance - Employee Portion	(6,222)	(6,222)	(6,222)	(6,221)	(24,886)	-0.8%
Insurance - Health	-	-	-	68,845	68,845	2.1%
Insurance - Life/AD&D/Dental/Vision	-	-	8,049	-	8,049	0.2%
Insurance - Life	-	(189)	-	-	(189)	0.0%
Lab Fees	-	15,790	15,453	15,318	46,560	1.4%
Legal & Professional Fees	-	-	-	-	-	0.0%
IT Consulting	923	923	923	15,500	18,269	0.6%
Compliance	-	-	2,194	-	2,194	0.1%
Licenses & Fees - Infrastructure	-	356	614	356	1,326	0.0%
Licenses & Fees - Business Operations	-	415	415	5,177	6,007	0.2%
Employee Meals	92	92	92	92	369	0.0%
Meals and Entertainment	58	58	58	58	231	0.0%
Medical Billing	26,000	26,000	26,000	26,000	104,000	3.2%
Medical Directorship	692	692	692	692	2,769	0.1%
Rent or Lease	-	-	54,792	-	54,792	1.7%
Equipment Lease	-	-	-	-	-	0.0%
Repair & Maintenance	2,000	2,000	2,000	2,000	8,000	0.2%
Payroll Fees	-	3,303	-	-	3,303	0.1%
Shipping and Delivery Expense	3,667	3,667	3,582	3,549	14,465	0.4%
Supplies	39,000	72,000	35,000	51,917	197,917	6.1%
Taxes & Licenses	-	-	-	-	-	0.0%
Telephone	-	-	-	1,200	1,200	0.0%
Travel	1,062	1,062	1,062	1,062	4,246	0.1%
Utilities	-	-	-	-	-	0.0%
Cleaning Service	-	2,769	2,769	2,769	8,308	0.3%
Uniforms	945	945	945	945	3,779	0.1%
Waste Management	-	-	1,200	-	1,200	0.0%
US Trustee Fees	1,560	1,486	1,520	1,634	6,199	0.2%
Expense Reports	1,000	1,000	1,000	1,000	4,000	0.1%
Non-Payroll Disbursements	\$ 123,516	\$ 201,111	\$ 209,492	\$ 246,356	\$ 780,475	24.2%

Helix Diagnostics
4-Week Cash Flow Budget (4/17/23 to 5/12/23)
Revised: 4/21/23

Description	21-Apr-23 Proj.	28-Apr-23 Proj.	5-May-23 Proj.	12-May-23 Proj.	Cumulative Cash Flow Proj.
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Other Cash Expenditures

Capital Expenditures	-	-	-	-	-	0.0%
Interest Expense - Line of Credit (Comerica Bank)	-	-	43,856	-	43,856	1.4%
Interest Expense - Business Loan (Peninsula Capital)	-	-	-	-	-	0.0%
Interest Expense - Equipment Loan	-	-	-	-	-	0.0%
Principal Payments - Line of Credit (Comerica Bank)	-	-	-	-	-	0.0%
Principal Payments - Business Loan (Peninsula Capital)	-	-	-	-	-	0.0%
Principal Payments - Equipment Loan	-	-	-	-	-	0.0%
Consulting Fees	-	-	-	-	-	0.0%
Clear Check Float	-	-	-	-	-	0.0%
Forbearance Fees and Expenses	-	-	-	-	-	0.0%
Credit Card Expense	-	-	-	-	-	0.0%
Other Cash Expenditures	\$ -	\$ -	\$ 43,856	\$ -	\$ 43,856	1.4%

Disbursement Summary

Payroll	\$ 267,919	\$ 171,836	\$ 128,222	\$ 163,741	\$ 731,718	22.6%
Non-Payroll	\$ 123,516	\$ 201,111	\$ 209,492	\$ 246,356	\$ 780,475	24.2%
Other Cash Expenditures	\$ -	\$ -	\$ 43,856	\$ -	\$ 43,856	1.4%
Total Disbursements	\$ 391,435	\$ 372,947	\$ 381,570	\$ 410,097	\$ 1,556,049	48.1%

Net Cash Flow (Weekly)	\$ 35,675	\$ 12,053	\$ 43,429	\$ 15,453	
Cumulative Cash Flow	\$ 35,675	\$ 47,728	\$ 91,157	\$ 106,610	

Notes:

Operating Cash

Beginning Balance	3,214	38,889	50,942	94,371
+ Cash Inflows	427,110	385,000	425,000	425,550
- Cash Outflows	(391,435)	(372,947)	(381,570)	(410,097)
+/- Adjustments				
Ending Balance	38,889	50,942	94,371	109,824
Increase/Decrease	35,675	12,053	43,429	15,453

A/R Rollforward

Medcare: Accounts Receivable (total payments)				
Medcare: Legacy Unbilled (expected value)				
MEdcare: Claims in Transit (not included above)				
QuickBooks: Client Bill (less than 90 days aged)				
Beginning A/R	7,490,817	7,678,145	7,907,583	8,082,863
+Sales	614,438	614,438	600,280	594,617
-Collections	(427,110)	(385,000)	(425,000)	(425,550)
+/- Adjustments	-	-	-	-
Ending A/R	7,678,145	7,907,583	8,082,863	8,251,930
Increase/Decrease	187,328	229,438	175,280	169,067

Supplies

Beginning Supplies	581,698	581,698	581,698	581,698
+Purchases (operational)	39,000	72,000	35,000	51,917
-(Sales * Materials %)	(39,000)	(72,000)	(35,000)	(51,917)
+/- Adjustments				
Ending Supplies	581,698	581,698	581,698	581,698
Increase/Decrease	-	-	-	-

A/P Rollforward

Beginning A/P	7,239,297	7,239,297	7,239,297	7,239,297
+Purchases (operational)	39,000	72,000	35,000	51,917
-Payments (operational)	(39,000)	(72,000)	(35,000)	(51,917)
-Payments (incremental)	-	-	-	-
+/- Adjustments				
Ending A/P	7,239,297	7,239,297	7,239,297	7,239,297
Increase/Decrease	-	-	-	-

Revolver Balance

Beginning Revolver Balance	6,379,000	6,379,000	6,379,000	6,379,000
+/- Adjustments	-	-	-	-
Ending Revolver Balance	6,379,000	6,379,000	6,379,000	6,379,000
Increase/Decrease	-	-	-	-

NOTES:

Helix Diagnostics
4-Week Cash Flow Budget (4/17/23 to 5/12/23)
Revised: 4/21/23

Description	21-Apr-23	28-Apr-23	5-May-23	12-May-23	Cumulative Cash Flow
	Proj.	Proj.	Proj.	Proj.	Proj.

EBITDA/Cash Flow Reconciliation					
Net Revenues	614,438	614,438	600,280	594,617	
Payroll Disbursements	(267,919)	(171,836)	(128,222)	(163,741)	
Non-Payroll Disbursements	(123,516)	(201,111)	(209,492)	(246,356)	
Other Cash Expenditures	-	-	(43,856)	-	
Cash Flow Operating income before Addbacks	223,003	241,491	218,709	184,520	
<u>Add Backs:</u>					
Capital Expenditures	-	-	-	-	
Interest Expense - Line of Credit (Comerica Bank)	-	-	43,856	-	
Interest Expense - Business Loan (Peninsula Capital)	-	-	-	-	
Interest Expense - Equipment Loan	-	-	-	-	
Principal Payments - Line of Credit (Comerica Bank)	-	-	-	-	
Principal Payments - Business Loan (Peninsula Capital)	-	-	-	-	
Principal Payments - Equipment Loan	-	-	-	-	
Consulting Fees	-	-	-	-	
Clear Check Float	-	-	-	-	
Forbearance Fees and Expenses	-	-	-	-	
Credit Card Expense	-	-	-	-	
Capital Infusion	-	-	-	-	
Payment on Capital Infusion	-	-	-	-	
Payment for Emergency Capital Influx from Senior Employees	-	-	-	-	
A/P Payment Plan	-	-	-	-	
Incremental Fee Related to Legacy Collections	1,560	1,560	1,559	1,558	
Model Implied Recurring EBITDA	224,563	243,050	264,124	186,078	
Adjustments to Reconcile to Cash Flow:					
<u>Deduct:</u>					
Capital Expenditures	-	-	-	-	
Interest Expense - Line of Credit (Comerica Bank)	-	-	(43,856)	-	
Interest Expense - Business Loan (Peninsula Capital)	-	-	-	-	
Interest Expense - Equipment Loan	-	-	-	-	
Principal Payments - Line of Credit (Comerica Bank)	-	-	-	-	
Principal Payments - Business Loan (Peninsula Capital)	-	-	-	-	
Principal Payments - Equipment Loan	-	-	-	-	
Consulting Fees	-	-	-	-	
Clear Check Float	-	-	-	-	
Forbearance Fees and Expenses	-	-	-	-	
Credit Card Expense	-	-	-	-	
Capital Infusion	-	-	-	-	
Payment on Capital Infusion	-	-	-	-	
Payment for Emergency Capital Influx from Senior Employees	-	-	-	-	
A/P Payment Plan	-	-	-	-	
Incremental Fee Related to Legacy Collections	(1,560)	(1,560)	(1,559)	(1,558)	
Net Revenues	(614,438)	(614,438)	(600,280)	(594,617)	
<u>Add:</u>					
Receipts	427,110	385,000	425,000	425,550	
	35,675	12,053	43,429	15,453	
Cash Flow	35,675	12,053	43,429	15,453	
Difference	\$ -	\$ -	\$ -	\$ -	